Mitsubishi Electric Corporate Strategy

May 2022
MITSUBISHI ELECTRIC CORPORATION
Introduction

– Aiming to Solve Social Challenges Through “Circular Digital-Engineering” –

Since assuming the position of President, I have been giving top priority on completing the investigation into the quality issues that have been causing inconvenience and concern to our customers and other stakeholders, and implementing reforms based on the investigation results to regain trust in the company. Then, I have been taking measures to improve the working environment to ensure that employees can work cheerfully and positively, and thinking about how to provide solutions to social challenges through our businesses by attending to our customers’ needs.

We placed sustainability as the cornerstone of our management, and will promote solutions to social challenges through our businesses, and will flexibly meet the needs of each customer by providing the three processes of consulting, system engineering and maintenance/operation ceaselessly as “Integrated Solutions,” our new business model.

What I want to strongly focus on in our future activities is the evolution of our Integrated Solutions by exercising our creativity and strengthening connections within the group through the use of data. We will provide evolved Integrated Solutions for our customers at all times, while aiming to become a “Circular Digital-Engineering” company that provides solutions to a wide range of social challenges with our customers through our businesses.

From this fiscal year, we have established four Business Areas and assigned each business group to one of them. And we have also appointed Business Area Owners, who are responsible for working on corporate strategy from a medium- to long-term perspective, with a bird’s-eye view of a wide range of business fields. We will accelerate the evolution of Mitsubishi Electric through these measures and contribute to the realization of a vibrant and sustainable society through our business activities.

Kei Uruma
President & CEO
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   • Outlook for FY2022 (Segment Forecast) and FY2025 target
   • Outlook for FY2022 (Sub-segment Forecast) and FY2025 target

Note
FY2019: April 1, 2019 - March 31, 2020
FY2020: April 1, 2020 - March 31, 2021
FY2021: April 1, 2021 - March 31, 2022
FY2022: April 1, 2022 - March 31, 2023
FY2025: April 1, 2025 - March 31, 2026
1 Mitsubishi Electric’s Sustainability Management
Position the realization of sustainability as the cornerstone of our management to promote solutions to social challenges through our businesses. Clarify five challenge areas to focus on.

Five challenge areas

- **Carbon neutral**
  Achieve a decarbonized society to curb climate change by reducing CO2 emissions from the company and society

- **Circular economy**
  Achieve a society in which resources are effectively used and sustainably circulated

- **Safety/Security**
  Achieve a resilient society that can cope with various environmental changes and risks

- **Inclusion**
  Achieve a society in which all people are respected and everyone can lead free, fair and vibrant lives

- **Well-being**
  Achieve a healthy and comfortable life for each individual, both mentally and physically

Materiality

- **Realize a sustainable global environment**
- **Realize a safe, secure, and comfortable society**
- **Respect for all people**
- **Strengthen corporate governance and compliance on a sustainable basis**
- **Create a sustainability-oriented corporate culture**
Circular Digital-Engineering Company to solve social challenges

Aim to transform into “Circular Digital-Engineering” company that provides evolved Integrated Solutions by co-creation and by integrating knowledge within and outside the Group. Contribute to solving various social challenges.

Contributes to solving social challenges by providing evolved Integrated Solutions at all times, through accumulating data from our customers, strengthening connections in the group, sharing wisdom and creating new value.
Evolution of Integrated Solutions

Support the entire lifecycle from consulting to maintenance and operation. Evolve our Integrated Solutions by using algorithms with the Group’s strengths and by incorporating knowledge and assets from outside the Group.

Integrated Solutions
Support the entire lifecycle from consulting to maintenance and operation

System engineering

Consulting [Proposal for introduction and renewal]

Maintenance & Operation

Digital Twin
Precise reproduction of real space in digital space

Algorithm

Data

Strengths of the Mitsubishi Electric Group
Improved performance of integrated solutions through continuous evolution

Core components
Field Knowledge
Advanced digital technologies
Strengthen components as the base of our business, expand systems utilizing advanced digital technologies, and provide Integrated Solution with these at the core, to be driving the driving force behind continuous growth for complicated challenges.

At present

Integrated Solutions with enhanced components and systems at the core

Systems in which components are linked

Future

Enhanced components

Expand product and service layers

Products and services offered

Strengthen value proposition through evolving Integrated Solutions

Integrated Solutions

System engineering

Consulting

Maintenance & Operation

At present

Strengthen value proposition

Systems

Realize secure, highly flexible/expandable systems utilizing various knowledge of fields and components.

Components

Pursue miniaturization, energy conservation and smartification by fusion of strengthen technology, such as power-electronics, control, etc., and advanced technology, such as AI, modeling, etc.
A Future Created by Mitsubishi Electric
Create a future with our customers and partners in a wide range of business situations, with an eye on diversifying social issues

Vision of the Future We Will Create
- Social infrastructure in harmony with global environment
- Waste loss society
- Manufacturing that perfectly fits your tastes
- Disaster- and accident-free society
- Secure network
- Enables anyone to move anywhere anytime
- Language-agnostic communication
- Life full of the blessings of nature
Initiatives for Carbon-Neutral

Adopted dual approaches to carbon-neutral: **Responsibility** and **Contribution**.

**Responsibility**

Make the entire value chain carbon neutral

Achieve carbon-neutral

**Contribution**

Create/expand carbon neutral businesses

Progress toward a carbon neutral society leads the Group to become carbon neutral

Carbon neutral initiatives in the entire value chain

**Target**

FY2050
Net zero greenhouse gas emissions in the entire value chain

FY2030
Reduce greenhouse gas emissions from factories and offices by 50% or more.
(compared to FY2013)

Initiatives to reduce greenhouse gas at factories and offices.

- Continuously invest **0.15%** of revenue in carbon neutral efforts.
- Use renewable energy to **85 sites** in Japan in FY2022
- Promote expansion of internal renewable energy procurement using multi-region EMS(\(^*\)).

*Multi-region EMS : Energy management system that automatically optimizes power interchange of renewable energy between multi sites, operation of distributed power sources and storage batteries, and purchase plan of renewable energy certificates.*
Sustainable Future by Mitsubishi Electric

Initiatives to Realize Carbon-Neutral

Contribution
Create/expand businesses that contribute to carbon-neutral.

To make society as a whole carbon neutral, accelerate R&D in three innovation areas: Green by Electronics, Green by Digital, and Green by Circular.

Green by Circular
Promote R&D to realize circular carbon use.

Green by Digital
Contribute to the improvement of energy efficiency and the expansion of renewable energy by using advanced digital technology.

Green by Electronics
Promote energy conservation and electrification of equipment by promoting the development of core components with higher efficiency and smaller size, etc.

Main R&D Themes

- CCUS / Carbon recycling
  - CO2 recovery from atmosphere and factory exhaust gases
  - Heat and steam utilization
  - Full use of waste plastic

- Anti-fragile system
- Floating-type HVDC
- EMS integrating electricity, heat, and hydrogen
- Multi-region EMS
- SiC/Ga-based power semiconductor devices
- ZEB energy conservation / energy-creation solutions
- Inverter/motor system for xEV
- Conversion to low-GWP refrigerants

Toward achievement of the SDGs

FY2030

Toward achievement of carbon neutral

FY2050
New Management Structure to Achieve Sustainability Management

Established four Business Areas (BA) that will enhance sustainability management. Accelerate solving social challenges through our businesses by BA owners envisioning their ideal state with a bird's eye view of their businesses.

- **Infrastructure**
  - Public Utility Systems Group
  - Energy & Industrial Systems Group
  - Electronic Systems Group

- **Industry and Mobility**
  - Factory Automation Systems Group
  - Automotive Equipment Group

- **Life**
  - Building Systems Group
  - Living Environment & Digital Media Equipment Group

- **Business Platform**
  - Information Systems & Network Service Group
  - Semiconductor & Device Group
Progress of Medium-term Management Plan Towards FY2025
## FY2025 Financial Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥5 trillion</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>10%</td>
</tr>
<tr>
<td>ROE</td>
<td>10%</td>
</tr>
<tr>
<td>Cash Generation(*)</td>
<td>¥3.4 trillion / 5 years</td>
</tr>
</tbody>
</table>

*Cash Generation: Adjusted operating cash flow (CF)
2-1 Strengthening of Business Portfolio Strategy
Resilient Businesses

- Have stable demand and contribute to our resilient management regardless of market fluctuation
- Expand profitability through efficient investment
- Revenue of ¥1 trillion
- Operating profit margin of 9%

Key Growth Businesses

- <Growth drivers that have the potential to become global leaders in growth markets, and lead to innovation for addressing social challenges>
- Scale up and increase profitability through concentrated investment in growth
- Revenue of ¥2.6 trillion / growth rate of 8%
- Operating profit margin of 13%

Value Recapturing Businesses

- Use existing resources to gain new added value that meets market demands

Potential Businesses/New Businesses

- Expand data linkage/utilization-type solutions businesses
- Reform business models of existing businesses and create next-generation businesses

Classify businesses according to their characteristics and optimize investment of management resources.

Approach to Business Portfolio Strategy

- High profitability: Resilient Businesses
- Low profitability: Value Recapturing Businesses, Potential Businesses/New Businesses
- Shift resources from Resilient Businesses to High profitability Key Growth Businesses
# Strengthening of Business Portfolio Strategy

## Progress of Business Portfolio Strategy

### Key Growth Businesses <Scale Expansion through Growth Investment>

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Key Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FA Control Systems</strong></td>
<td>Established a new production base in the Owariasahi district in response to demand for FA control systems in decarbonisation-related fields. Invested approx. ¥13 billion to establish a new production base (Scheduled to start operation in Apr. 2025).</td>
</tr>
<tr>
<td><strong>Air-Conditioning &amp; Refrigeration Systems</strong></td>
<td>Increased the production capacity for air-conditioning equipment to meet demand for heat pumps in Europe. Increased the production capacity by investing approx. ¥13 billion in MACT(^{(1)}) in Turkey (Scheduled to start operation in Feb. 2024).</td>
</tr>
<tr>
<td><strong>Building Systems</strong></td>
<td>Shifted to the operation system for integrated business operation from new installation to maintenance and renewal. Established Mitsubishi Electric Building Solutions Corporation (Apr. 2022).</td>
</tr>
<tr>
<td><strong>xEV/ADAS(^{(2)})</strong></td>
<td>Started mass production of “High Definition Locator” that contributes to ADAS technologies. For consumer car, world’s first mass production of “High Definition Locator” that can receive centimeter level positioning correction signal from Quasi-zenith satellite (started in Oct. 2021).</td>
</tr>
<tr>
<td><strong>Power Semiconductor Devices</strong></td>
<td>Doubled the production capacity for wafer fabrication to meet the strong demand in automotive and consumer electronics areas. Double the production capacity by FY2025 compared to FY2020. Constructed an 8-inch line with higher production efficiency at the Fukuyama Factory and started construction of a 12-inch line.</td>
</tr>
</tbody>
</table>

### Potential Businesses/New Businesses <Creation of Next-generation Businesses>

- Established a corporate venture capital (CVC)\(^{(3)}\) fund to accelerate open innovation aimed at creating new businesses. Established ME Innovation Fund with a total investment amount of ¥5 billion with Global Brain Corporation (Jan. 2022).

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\(^{1}\) MACT: Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company

\(^{2}\) ADAS: Advanced Driver Assistance System

\(^{3}\) CVC: Corporate Venture Capital
### Progress of Business Portfolio Strategy

#### Resilient Businesses <Strengthening Profitability>

- Improve profitability of certain businesses and add them to Resilient Businesses
  - Laser processing machines, high-frequency optical devices, and IT infrastructure services.

- Acquired a U.S.-based UPS maintenance company to expand the uninterruptible power supply business in North America
  - Acquired all shares of Computer Protection Technology, Inc (CPT), a company with a proven track record in the California area (Feb. 2022).

#### Value Recapturing Businesses

- Businesses with issues <Selling/Withdrawing/Shifting resources by collaboration>
  - Reviewed business of Kyoto Works, including the LCD TV business
    - Downsized the LCD TV business (announced in Nov. 2021), discontinued the commercial printer business, terminated in-house production of multi-video systems for indoor use (announced in Mar. 2022), and shifted management resources to our Key Growth Businesses, such as air-conditioning and refrigeration systems.

- Established a joint venture with JUKI in the industrial sewing machine business
  - Agreed with JUKI Corporation and Meiryo Technica Corporation to establish a joint venture in the industrial sewing machine business (schedule to be established in Jul. 2022)
  - Aim to expand the industrial sewing machine business by combining the strengths of both companies (Jul. 2022)
Optimal Group Management Strategy

Pursue an optimal group management system by strengthening the functions and reviewing the division of roles of affiliated companies in each value chain.

Design

Develop structures and strengthen the development capability of S/W design companies that can accommodate the enhancement of Key Growth Businesses and the expansion of Integrated Solutions (improve productivity, increase personnel, incorporate new technology, etc.).

Established Mitsubishi Electric Software Corporation in Apr. 2022

Logistics

Develop a logistics system with the option of concluding strategic partnerships with global logistics companies, and rapidly respond to changes in the logistics environment and improve efficiency by introducing an advanced platform.

Maintenance & Service

Enhance our recurring revenue business by taking advantage of connection with customers, establish a business structure that maximizes lifetime profits, and create new business opportunities by sharing and making effective use of information accumulated within the Group.

Internal Operation Support

Focus on employee welfare and tasks essential for rolling out each of our businesses, and improve efficiency primarily through the use of outsourcing.

Melco Travel Corporation merged into Mitsubishi Electric Life Service Corporation in Apr. 2022
Priority Allocation of Resource Investment

Invest resources in the amount of ¥2.8 trillion, up ¥0.8 trillion from the previous medium-term management plan, centered on Key Growth Businesses. Attain the FY2025 financial targets (revenue of ¥5 trillion, OPM of 10%). Started considering the use of the ¥0.2 trillion for each business field, out of the ¥0.5 trillion-yen strategic investment.

Resource Investment (*1)

<table>
<thead>
<tr>
<th>Previous Medium-term Management Plan (FY2016-FY2020)</th>
<th>New Medium-term Management Plan (FY2021-FY2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥2.0 tn</td>
<td>+ ¥0.8 tn</td>
</tr>
<tr>
<td>M&amp;A ¥0.1 tn</td>
<td>Strategic investment (M&amp;A, etc.) ¥0.5 tn</td>
</tr>
<tr>
<td>Investment in DX and information security ¥0.2 tn</td>
<td></td>
</tr>
<tr>
<td>R&amp;D expenses ¥1.0 tn</td>
<td>R&amp;D expenses ¥1.1 tn</td>
</tr>
<tr>
<td>Capital investment ¥0.9 tn</td>
<td>Capital investment</td>
</tr>
<tr>
<td>Key Growth Businesses 44% (*2)</td>
<td>Key Growth Businesses approx. 60% (*2)</td>
</tr>
</tbody>
</table>

*1 Allocation to growth investment, etc. (M&A and other strategic investment, R&D expenses, capital investment)
*2 Ratio of Key Growth Businesses to total investment in all business divisions (excluding investment in non-business divisions)

Revenue / Operating Profit

FY2025 Financial Targets
Revenue: ¥5 trillion / OPM: 10%

Key Growth Businesses
Resilient Businesses
Value Recapturing Businesses, etc.
2-1  Strengthening of Business Portfolio Strategy

Capital Allocation Policy

For capital allocation, giving top priority to investment in growth, further enhance shareholder returns through profit growth. In terms of cash generation, the source of capital, aim to generate ¥3.4 trillion over a five-year period, with a focus on Key Growth Businesses. Return profits to shareholders (dividends + buybacks) with a target of ¥0.6 trillion (Previous Medium-term Management Plan: ¥0.4 trillion). In addition, further improve capital efficiency by executing the capital measures.

- **Capital Allocation**
  - **Cash Generation** [Adjusted operating CF] (*1) ¥2.7tn
  - **Growth investment, etc.** (*2) ¥2.0tn
  - **Shareholder returns** ¥0.4tn
  - **Increase in cash and deposits, etc.** ¥0.3tn

- **New Medium-term Management Plan** (FY2021-FY2025)
  - **Cash Generation** [Adjusted operating CF] (*1) ¥3.4tn
  - **Growth investment, etc.** (*2) ¥2.8tn
  - **Shareholder returns** ¥0.6tn

*1 After making adjustments, such as adding R&D expenses to operating cash flow
*2 Strategic investments such as M&As, R&D expenses, and capital investment

- **Previous Medium-term Management Plan** (FY2016-FY2020)
  - **Cash Generation** [Adjusted operating CF] (*1) ¥2.7tn
  - **Growth investment, etc.** (*2) ¥2.0tn
  - **Shareholder returns** ¥0.4tn

- **Dividends of approx. ¥85 billion and share buybacks of approx. ¥50 billion, for a total of ¥135 billion in shareholder returns**

Generate more cash through sale of non-business assets and reduction of working capital.

Increase growth investments and shareholder returns through further cash generation.
Enhancement of Business Foundation for Sustainable Growth
Diversity and Employee Engagement

Promote respect for human rights

Promote an initiative for highly objective and transparent respect for human rights in accordance with the UN Guiding Principles on Business and Human Rights and the RBA\(^{(*1)}\) Code of Conduct.

- Continue activities aimed at identifying and improving priority action items based on the results of the human rights impact assessment.
- On the occasion of joining RBA (Feb. 2022), started introducing its advanced approaches and evaluation methods both internally and externally.
- Enhance the quality of support at contact points for complaints and consultations related to human rights (e.g., ascertain and disclose the number of complaints).

*1 RBA: Responsible Business Alliance

Promote Diversity and Inclusion

Enhance activities aimed at improving workplaces that respect diverse human resources and values, and maximize individual talent and organizational capabilities.

- Increase ratio of female managers
  As of FY2021, 1.25 times as high as in FY2020 ⇒ target: double by FY2025
  Introduce a systematic training for female candidates for managerial positions.

- Promote diverse work styles
  Expand systems for remote work, career support leave, return-to-work position request after childcare leave, applications for change of work location, etc.

- Encourage male employees to take childcare leave\(^{(*2)}\)
  65.3% in FY2021 ⇒ target: 70% by FY2025

- Actively promote local staff
- Promote the understanding of LGBTQ people
  Received PRIDE Index 2021\(^{(*3)}\) Silver Award
  Organized a community of allies
- Increase the hiring of people with disabilities

\(^{(*2)}\) Male employees taking childcare leave: Including those taking leave when their spouse gives birth

\(^{(*3)}\) PRIDE Index: An index developed by voluntary organization work with Pride to evaluate efforts to support LGBTQ people and other sexual minorities in the workplace.
Positioning the prevention of recurrence of work-related issues as our top management priority, the Group as a whole is advancing “Mitsubishi Electric Workplace Reform Program” based on a third-party evaluation conducted by outside experts, while working to achieve a culture where “employees feel that they can consult with their superiors”, “failures are tolerated”, and “problems are solved together”, through connection enabled by open communication.

<table>
<thead>
<tr>
<th>Evaluation indicator: KPI (Employee awareness survey)</th>
<th>2nd half of FY2021 Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of employees with pride and motivation in their work</td>
<td>54%</td>
<td>80% or more</td>
</tr>
<tr>
<td>Percentage of employees who feel that they have a good work-life balance</td>
<td>65%</td>
<td>80% or more</td>
</tr>
</tbody>
</table>
Information Security / Product and Service Quality

Information Security

Develop a comprehensive, multi-layered defense system

As a countermeasure against cyber-attacks, which are becoming increasingly sophisticated with the use of cloud services and the spread of telework, work on “multi-layered defense” with centralized management of networks, devices, servers and the cloud, and zero-trust security (*1) measures.

- Strengthen network access controls and security measures for devices, and accelerate zero-trust security measures
- Embark on measures totaling over ¥50 billion investment
- Continuously strengthen information management and operation systems, and aim for Level 3 or higher (*2) of the Cybersecurity Maturity Model

*1 The concept of inspecting and authenticating all communications, with everywhere inside and outside the company considered as untrustworthy areas
*2 Framework for Cybersecurity Maturity Model certification set forth by the US Department of Defense. Level 3 or higher means that excellent security measures and management systems are put in place

Product and Service Quality

Provide products and services that satisfy society and customers with the highest quality

Under our basic quality assurance principles (*3), promote quality improvement activities by carrying out quality assurance reform and strengthening our quality assurance system to ensure customer satisfaction.

- Eliminate improper quality control practices by promoting quality assurance reform
- Promote quality improvement and quality assurance from development and design stages, including order receipt, to service provision and disposal
- Thoroughly reinforce our basic quality assurance principles, and conduct quality-related education and human resource development

*3 “1. Product quality is our top priority. It comes before price and on-time delivery.”; “2. Our commitment to the highest quality under any circumstances is unwavering.”; “3. Products must be safe to use, have a long usage life, and have consistent performance.” and “4. Every manager and employee involved in manufacturing a product shares equal responsibility for product quality.”
Operation DX

Total optimization extending beyond the boundaries of business

Achieve total optimization extending beyond the boundaries of business by standardizing cross-business operations and centralizing reusable data. Promote Operation DX by increasing the sophistication of business management and improving productivity utilizing data and digital technologies.

Formed a company-wide Operation DX project to reform business processes (Oct. 2021), completed selection of model businesses (Dec. 2021) and started to build a common operating system and an infrastructure for data use (Apr. 2022).

Maximize operations standardized across businesses

Adjust and centralize data codes and granularity into a reusable form

Operational reform indicators for total optimization, set targets for reform based on the indicators, and carry out initiatives accordingly

Investment exceeding ¥100.0 billion

Transform into a highly-profitable company through more sophisticated business management and a dramatic increase in productivity

* Cloud services, systems, etc. of customers, partners, and suppliers
Enhancement of Business Foundation for Sustainable Growth

Risk Management and Swift Decision Making

Emerging Modern Issues

- **Commitment to Sustainability**
  - Social demand for human rights and environmental protection
  - Communication with Stakeholders

- **Safe plans for procurement and transportation risks**
  - Pandemics, disasters, and economic sanctions

- **Preparation for geopolitical Risks**
  - Formation of bloc economies
  - Economic decoupling

Enhancement of Business Foundation

- **Company-wide risk management**
  - Established Corporate Economic Security Div. in Oct. 2020
  - Established Corporate Risk Management Div. in Jan. 2022
  - Established the position of CRO in Jan. 2022
  - Crisis management and quick initial response
  - Renew the monitoring system
  - Exploration/warnings of new risks

- **Independence of Overseas Bases**
  - Delegation of corporate functions and regional optimization
  - Enhance regional control function
  - Promotion of local staff to executive positions
  - Accelerate localization of development

Build a Resilient and Sustainable Supply Chain

- Investigate and ascertain choke points, diversify sources, reduce usage, develop alternatives
- Strengthen initiatives for highly transparent procurement in accordance with international norms (environment, human rights)

- Introduce highly transparent human rights DD*2 in line with international norms
- Understand risks throughout the supply chain through AI
- Swiftly identify procurement risk in times of disaster using IT tools
- Integrated operations of global logistics

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*1 CRO: Chief Risk Management Officer  
*2 human rights DD: The corporate activities that identify, prevent, and mitigate impacts of human rights issues.
Enhancement of Business Foundation for Sustainable Growth

Governance and Disclosure

Strengthen Governance and Revitalize internal and external Communication

Appoint independent outside directors as chairpersons of Nomination, Auditing and Compensation committees to strengthen the supervisory function

General Shareholders’ Meeting

Execution

Appoint independent outside directors as chairperson of the Board of Directors (Oct. 2021 onward)

More than 50% of members comprising each of the three committees shall be independent outside directors

Planned to appoint an independent outside director as chairperson of each of the three committees (Jun. 2020 onward)

Shifted to a company with a committee system (currently: nomination committee system company) in June 2003.

Executive Officers

President & CEO

Executive Officers, etc

Board of Directors

Chairperson

Nomination Committee

Auditing Committee

Compensation Committee

Strengthen Governance and Revitalize internal and external Communication

Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to stakeholders

Actual practices at Mitsubishi Electric

Increase in the number of Board of Directors meetings held (regular/extraordinary) (FY2020: 8 times → FY2021: 20 times)

Make the majority of the Board independent outside directors to further strengthen governance (Target: Jun. 2022)

Revised the disclosure segments into business area (BA) units in order to disclose information in line with the new management structure launched (Apr. 2022)

Sub-segments were also subdivided to improve the quality of information disclosure

Appropriate response to revisions of legislation and other external factors
Activities to promote an inclusive society

Employees and the company shall work together to promote the "three forms of coexistence" and realize an inclusive society.

Coexistence with the Global Environment
Promote activities that remind us how much we appreciate nature, which nurtures a diversity of life and provides us with many blessings, and encourage environmentally conscious behavior, through activities to protect and nurture nature.

- Satoyama Woodland Preservation Project
- Mitsubishi Electric Outdoor Classroom

Coexistence with Local Communities
Collaborate with NPOs and other organizations in the field of social welfare, education and other basic infrastructure for daily life to promote activities that focus on realizing sustainable and vibrant local communities where all people, including people with disabilities, can live their life in their own way.

- Mitsubishi Electric SOCIO-ROOTS Fund

Coexistence with All People
Create opportunities and environments where all people, from adults to children, with or without disabilities, can respect and recognize each other and improve their physical and mental health.

- Para-sports support
- Sports promotion
- Culture & arts support
Enhancement of Business Foundation for Sustainable Growth

Initiatives, External Evaluations

**Initiatives**

- Continue our commitment to the UN Global Compact
- Contribute to the achievement of the Sustainable Development Goals (SDGs) through all corporate activities
- The Mitsubishi Electric Group’s greenhouse gas emissions reduction targets acquired SBTi (*2) certification (Jan. 2020)

**External Evaluations**

- Received the highest rating from CDP(*4) for “Climate Change,” and “Supplier Engagement”(*5)
- Received a silver rating on the "PRIDE Index 2021" operated by “work with Pride”(*6) for our initiatives related to LGBTQ people and other sexual minorities

**Selected as a constituent of the following investment indexes:**
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)

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*1 TCFD (Task Force on Climate-related Financial Disclosures): A task force for disclosure of climate-related financial information led by the private sector, established at the request of the G20 finance ministers and governors of central banks
*2 SBTi (Science Based Targets initiative): An international initiative by the UN Global Compact (UNGC), the World Wide Fund for Nature (WWF), the CDP, and the World Resources Institute (WRI)
*3 RBA (Responsible Business Alliance): An alliance of companies promoting social responsibility in the global supply chain
*4 CDP: An international NGO that surveys, evaluates, and discloses environmental initiatives of corporations and governments
*5 Received the highest rating for the fifth time for Climate Change, and for Supplier Engagement
*6 A voluntary organization that supports the promotion and retention of diversity management related to LGBTQ people and other sexual minorities
2-3

Initiatives for Creation of Innovation and Future Growth
Open Innovation

Expand our solution domain by leveraging external knowledge and technology through means such as M&As, co-creation with customers and partners, and collaborations with start-ups.

Expand business domains through M&As

**Acquisition of Swedish Elevator Company Motum AB** *(concluded a contract in Mar. 2022)*

Strengthen the business management foundation centered on elevator and escalator maintenance and renewals throughout Europe and other regions, while enhancing the building-solutions business in Europe by increasingly incorporating Mitsubishi Electric’s own building-related products and services.

Create innovation by collaborating with start-ups

**Establishment of ME Innovation Fund (Jan. 2022)**

Established a CVC fund with Global Brain, an independent venture capital firm (total investment amount of ¥5.0 billion). Aim to reform business models and create new businesses by investing in start-ups mainly in the digital and green domains.

Co-create value with customers and partners

**Establishment of XCenter (Cross Center) (Dec. 2021)**

XCenter was established as a venue for promoting open innovation by presenting our vision of a smart city of the future through the exhibition of the latest DX and Integrated Solutions. It is utilized as a place to solve social challenges through co-creation with customers.

Create new value by collaborating with multiple industries

**Participation in Disaster Prevention Consortium (CORE) (Nov. 2021)**

Aim to build a resilient society by providing opportunities for diverse companies from across industries to gather and communicate, and through co-creation among companies, collaboration with national and local governments, and sophistication of disaster prevention and mitigation.
R&D Strategy

Pursue the enhancement and reform of existing businesses as well as R&D for new value creation in a balanced manner. Aim to address social challenges at an early stage through the active use of open innovation.

Strengthen core technologies
- Driving force for profitability improvement -

Continuously enhance base technologies
- Foundation for business -

Search for and create new technologies
- New source of growth -

Solve social challenges

Strengthen our differentiated technologies for components and systems, including technology to realize small, high-efficiency motors, and high-speed, high-precision positioning technology, by fusing them with advanced base technologies such as AI and new materials.

Further enhance technologies that support quality of and build trust in our products, systems, and services, such as power electronics, control, modeling, material analysis, AI, security, and data analysis/linkage.

Take on the challenge of developing technologies that meet the needs generated by social change, as well as next-generation technologies that transform existing businesses, in a discontinuous manner, based on future insights and analysis of technological trends. Also, focus on expanding our proprietary technologies to create new usages and develop new customers.

Open Innovation

Ways of technology exploration

Future insights / Technology trends

Social changes
Existing businesses
Proprietary technologies

Partners
Companies

Japanese/overseas universities and research institutes

Partner companies

Core technologies
- Technology to realize small, high-efficiency motor
- High-speed, high-precision positioning technology
- Optimized control technology for heat pumps

Base technologies
- Power electronics
- Communication
- Material analysis
- Design

Components / Systems
- Model Based Development
- Digital Twin
- AI
- Security
- Data analysis/linkage
- System building

Initiatives for Creation of Innovation and Future Growth
R&D Strategy - Major Themes -

Core technologies

Achieved "ZEB" in the operational phase of SUSTIE, the ZEB technology test facility
First medium-scale office building in Japan with solar panels installed only on the roof

Teaching-less robot system
Contribute to unmanned factory operations by promoting automation of tasks for which it had been difficult to adopt robots.

Base technologies

AI that can clarify its control rationale
Contribute to the realization of a society that can use AI with peace of mind by clarifying AI control rationale

New technologies

Humans × Machines
Remote integration system
Visual haptics technology enables intuitive operation and expands the field of remotely operated robot introduction.

Base technologies

Design technology for environmentally friendly materials
Develop biomass materials from plant-derived raw materials to contribute to resource circulation and reduction of CO₂ emissions

New technologies

World's first successful quantification of stress demagnetization of magnets
Reduce resource risk and contribute to high energy efficiency of motors

The result was obtained in a project, the Future Pioneering Program "Development of magnetic material technology for high-efficiency motors for next-generation automobiles (JPNP14015)," commissioned by the New Energy and Industrial Technology Development Organization (NEDO).
Initiatives for Creation of Innovation and Future Growth

**Intellectual Property Strategy**

**Strategy 1. Open Technology Bank®**
- Facilitate technology integration by Internal Collaboration & Open Innovation through visualization and analysis of technology assets
- Visualize and analyze proprietary technologies
- Hypothesize potential applications and growth areas for proprietary technologies
- Ascertain and visualize proprietary technologies
- Ascertain missing parts
- PoC/Co-development
- License out technology
- Supplement missing parts
- Thorough utilization of proprietary technology
- Development of new solutions

**Strategy 2. Qualitative IP activity targets**
- In addition to quantitative advantages, enhance qualitative IP capabilities that are compatible with AI/solutions
- Leveraging the world’s leading IP creation capabilities, qualitatively improve IPs that will form the Business DX infrastructure
- Patent asset size
  - No. 1 in Japan
  - No. 5 globally
- No. of patent registrations
  - No. 1 in Japan
  - No. 2 in Japan
- International application ranking
  - No. 5 globally
- No. of design registrations
  - Current
  - FY2025 target
- Solution ratio
  - 10% ➡ 30%
- AI ratio
  - 5% ➡ 10%

**Co-create new businesses with internal and external partners** to solve diversifying social issues

Our progress in visualizing technology assets:

**Internal Collaboration**
- Began operation of a search tool for proprietary patents (Dec. 2021)
- Released a technology map covering all patents owned (Dec. 2021)
- Published a detailed patent distribution map for representative technologies (Apr. 2022)

**Open Innovation**
- Promote opportunities for dialogue and collaboration with external partners

In addition to utilizing IoT in areas such as FA, electric power, and train, carry out standardization activities in the field of future telecommunication infrastructure, such as 5G, beyond 5G, and 6G, to contribute to solving social issues and expanding business.

*1 Announced by Patent Result Co., Ltd. (total from Apr. 2019 to Mar. 2020)
*2 Announced by Japan Patent Office (total from Jan. to Dec. 2021)
*3 Announced by World Intellectual Property Organization (WIPO) (total from Jan. to Dec. 2021)
Three Reform Areas for Regaining Trust
Established the Emergency Response Division and commissioned a quality-related investigation by an Investigative Committee of external experts in response to a series of improper quality control practices. First focus on completing the investigation with the Investigative Committee. Then, taking seriously and deeply reflecting on the findings, implement initiatives in three areas. Will also disclose information internally and externally in a timely and appropriate manner.

### Investigative Committee Recommendations

1. Ingrain a company-wide understanding and correct perception of quality (ensuring quality through adherence with protocols)
2. Check and review processes such as procedure manuals from a third party’s perspective
3. Strengthen the quality control division
4. Support and strengthen middle management(*)
5. Bring the headquarters/corporate function departments and the manufacturing sites closer
6. Encourage affiliation with the company rather than the existing strong affiliations at a plant/works level
7. Implement measures based on the business group system
8. Demonstrate management’s resolve in strengthening quality compliance

* General managers and section chiefs of manufacturing site/office

### Three Reform Areas

#### (a) Quality assurance reform
- Establish the Corporate Quality Assurance Reengineering Group under the direct control of the CEO
- Strengthen new quality assurance functions led by the head office
- Share knowledge and provide flexible support across business groups
- Appoint a Chief Quality Officer from outside the company (April 2022)
- Plan to invest over ¥30 billion for investments in infrastructure development, etc.

#### (b) Organizational culture reform
- Company-wide reform project “Team Sousei (Creation)” formulates “Robust Policies” for organizational culture transformation
- Establish specialized organizations in each business group to promote and implement the reform
- Reform the personnel system
- Overcome the inward-looking organizational culture, change the behavior of senior management, support middle management and front-line workers

#### (c) Governance reform
- Reform the Board of Directors to strengthen management supervisory functions
- Establish a Governance Review Committee
Three Reform Areas for Regaining Trust

Organizational culture transformation: “Robust Policies” for the creation of a New Mitsubishi Electric Group

“Team Sousei (Creation),” a company-wide reform project consisting of 45 members selected through internal recruitment, formulated “Robust Policies” for organizational culture transformation. Various measures have been implemented based on the policies since FY2022.

Robust Policies

- Promote positive, interactive communication as part of our culture
- Prioritize productivity by eliminating unproductive work
- Trust each other and share information transparently
- Facilitate self-initiative among individuals and units through clarification and delegation
- Collaborate across divisions to maximize Group strength
- Increase opportunities to learn from each other and grow spontaneously

Measures to reform the negative corporate culture

- Measures to reform the negative corporate culture
- Measuring and related measures

Implement the policies

- Team members and Executive Officers will hold briefings at nationwide business sites and conduct direct dialogues with employees to deepen their understanding.
- Establish specialized organizations for reform in each business group to strengthen the structure for promotion and execution of the initiatives.
- In FY2022, the focus will be communication transformation (Measures such as addressing everyone by the neutral honorific “san”)

Changes for the Better start with ME

“Employees feel that they can consult with their superiors,” “failures are tolerated,” and “problems are solved together”
Three Reform Areas for Regaining Trust

Strengthen quality governance by going back to the premise that “Product quality is our top priority” and implementing quality assurance reform

Under the leadership of the new Chief Quality Officer, the Corporate Quality Assurance Reengineering Group will lead efforts to “reconstruct the control function,” “address issues relating to technical capabilities and resources,” and “re-foster an awareness of quality compliance."

- Realize effective quality internal control at each manufacturing site and strengthen head office support
- Comply with laws, standards, and customer specifications, and develop infrastructure to strengthen quality assurance processes
- Establish “Company-wide Quality Day,” strengthen quality education and promote personnel rotation among bases and departments

Governance reform: reform the Board of Directors & establish the Governance Review Committee

Strengthen management supervisory function & improve internal control and governance systems

- Undertake sustainable, mid- to long-term initiatives to reform the functions, composition, and secretariat of the Board of Directors, as well as the three statutory committees.
- Form a Governance Review Committee comprising three lawyers with no existing commercial relationships with the company, to assess internal control and governance systems.

Governance Review Committee
(Established on Oct. 2021)

- Evaluates and recommends measures for improvement of the company’s internal control and governance systems
- Clarifies the managerial responsibility of executive officers and board directors
Appendix
## Single-year Outlook for FY2022
(Consolidated Performance)

<table>
<thead>
<tr>
<th>(Billions of JPY)</th>
<th>FY2019 Actual</th>
<th>FY2020 Actual</th>
<th>FY2021 Actual</th>
<th>Forecast (May. 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,462.5</td>
<td>4,191.4</td>
<td>4,476.7</td>
<td>4,770.0</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>259.6</td>
<td>230.1</td>
<td>252.0</td>
<td>270.0</td>
</tr>
<tr>
<td>(%)</td>
<td>5.8%</td>
<td>5.5%</td>
<td>5.6%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>281.9</td>
<td>258.7</td>
<td>279.6</td>
<td>295.0</td>
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<tr>
<td>Net Profit *1</td>
<td>221.8</td>
<td>193.1</td>
<td>203.4</td>
<td>215.0</td>
</tr>
<tr>
<td>ROE (Return On Equity)</td>
<td>9.2%</td>
<td>7.5%</td>
<td>7.1%</td>
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<tr>
<td>Stockholders' Equity (%)</td>
<td>2,429.7</td>
<td>2,754.2</td>
<td>2,975.9</td>
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<tr>
<td>Debt including lease liabilities</td>
<td>377.0</td>
<td>365.4</td>
<td>329.4</td>
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</tr>
<tr>
<td>Debt excluding lease liabilities *2 (%)</td>
<td>267.0</td>
<td>248.8</td>
<td>217.1</td>
<td></td>
</tr>
<tr>
<td>FCF (Free Cash Flow)</td>
<td>191.8</td>
<td>365.5</td>
<td>167.5</td>
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<tr>
<td>Dividend (JPY per share)</td>
<td>40</td>
<td>36</td>
<td>40</td>
<td></td>
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<tr>
<td>Dividend ratio (%)</td>
<td>38.7%</td>
<td>40.0%</td>
<td>41.9%</td>
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</tr>
</tbody>
</table>

*1: Net Profit represents Net profit attributable to Mitsubishi Electric Corp. stockholders.

*2: Debt ratio is calculated based on "Debt excluding lease liabilities" that represents bonds and borrowings from FY2019 because IFRS 16 Lease has been applied.
Outlook for FY2022 (Segment Forecast) and FY2025 target

The grouping of disclosed segments has been revised to business area (BA) units, with subdivided sub-segment information provided on the next page.

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Actual</th>
<th>FY2020 Actual</th>
<th>FY2021 Actual</th>
<th>Forecast (May. 2022)</th>
<th>FY2025 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Billions of JPY)</td>
<td>(Billions of JPY)</td>
<td>(Billions of JPY)</td>
<td>(Billions of JPY)</td>
<td>(Billions of JPY)</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
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</tr>
<tr>
<td>Revenue</td>
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<td>946.1</td>
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<td>Operating Profit</td>
<td>68.8</td>
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<td>41.5</td>
<td>46.0</td>
<td>7%</td>
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<tr>
<td>(%)</td>
<td>6.5%</td>
<td>8.6%</td>
<td>4.4%</td>
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<td></td>
</tr>
<tr>
<td><strong>Industry and Mobility</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,369.6</td>
<td>1,265.8</td>
<td>1,480.8</td>
<td>1,580.0</td>
<td>¥1.6tn</td>
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<tr>
<td>Operating Profit</td>
<td>69.7</td>
<td>40.7</td>
<td>96.4</td>
<td>108.0</td>
<td>11%</td>
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<tr>
<td>(%)</td>
<td>5.1%</td>
<td>3.2%</td>
<td>6.5%</td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Life</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Revenue</td>
<td>1,650.7</td>
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<td>1,760.0</td>
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<td>Operating Profit</td>
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<td>101.1</td>
<td>92.6</td>
<td>99.0</td>
<td>11%</td>
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<tr>
<td>(%)</td>
<td>6.5%</td>
<td>6.6%</td>
<td>5.5%</td>
<td>5.6%</td>
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<tr>
<td><strong>Business Platform</strong></td>
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<tr>
<td>Revenue</td>
<td>361.0</td>
<td>347.2</td>
<td>382.8</td>
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<tr>
<td>Operating Profit</td>
<td>15.6</td>
<td>13.6</td>
<td>26.4</td>
<td>27.0</td>
<td>10%</td>
</tr>
<tr>
<td>(%)</td>
<td>4.3%</td>
<td>3.9%</td>
<td>6.9%</td>
<td>6.3%</td>
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<tr>
<td><strong>Others</strong></td>
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<tr>
<td>Revenue</td>
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<td>667.5</td>
<td>737.3</td>
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<td>Operating Profit</td>
<td>29.3</td>
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<td>26.7</td>
<td>23.0</td>
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<tr>
<td>(%)</td>
<td>4.0%</td>
<td>2.7%</td>
<td>3.6%</td>
<td>3.1%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,462.5</td>
<td>4,191.4</td>
<td>4,476.7</td>
<td>4,770.0</td>
<td>¥5tn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>259.6</td>
<td>230.1</td>
<td>252.0</td>
<td>270.0</td>
<td>10%</td>
</tr>
<tr>
<td>(%)</td>
<td>5.8%</td>
<td>5.5%</td>
<td>5.6%</td>
<td>5.7%</td>
<td></td>
</tr>
</tbody>
</table>

*Inter-segment sales are included in the above chart.

*Figures above are shown by the new segment classifications. (Figures for FY2020 and before are shown for reference.)
### Outlook for FY2022 (Sub-segment Forecast) and FY2025 target

<table>
<thead>
<tr>
<th>Sub-segment</th>
<th>FY2021 Actual (Billions of JPY)</th>
<th>FY2022 Forecast (May. 2022)</th>
<th>FY2025 Target (Billions of JPY)</th>
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</thead>
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<tr>
<td><strong>Infrastructure</strong></td>
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<td></td>
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<tr>
<td>Revenue</td>
<td>946.1</td>
<td>990.0</td>
<td>¥1.1tn</td>
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<tr>
<td>Operating Profit</td>
<td>415.5</td>
<td>460.0</td>
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<tr>
<td>(%)</td>
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<tr>
<td><strong>Public Utility Systems</strong></td>
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<tr>
<td>Revenue</td>
<td>383.3</td>
<td>400.0</td>
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<tr>
<td>Operating Profit</td>
<td>15.3</td>
<td>23.0</td>
<td>8%</td>
</tr>
<tr>
<td>(%)</td>
<td>4.0%</td>
<td>5.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Energy Systems</strong></td>
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<tr>
<td>Revenue</td>
<td>327.5</td>
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<tr>
<td>Operating Profit</td>
<td>23.1</td>
<td>18.0</td>
<td>8%</td>
</tr>
<tr>
<td>(%)</td>
<td>7.1%</td>
<td>5.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Defense &amp; Space Systems</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Revenue</td>
<td>235.1</td>
<td>280.0</td>
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<tr>
<td>Operating Profit</td>
<td>3.0</td>
<td>5.0</td>
<td>5%</td>
</tr>
<tr>
<td>(%)</td>
<td>1.3%</td>
<td>1.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Industry and Mobility</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,480.8</td>
<td>1,580.0</td>
<td>¥1.6tn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>96.4</td>
<td>108.0</td>
<td>11%</td>
</tr>
<tr>
<td>(%)</td>
<td>6.5%</td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Factory Automation Systems</strong></td>
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<tr>
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<td>130.0</td>
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<td>(%)</td>
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<tr>
<td><strong>Automotive Equipment</strong></td>
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<tr>
<td>Operating Profit</td>
<td>△ 31.5</td>
<td>△ 22.0</td>
<td>5%</td>
</tr>
<tr>
<td>(%)</td>
<td>△ 4.5%</td>
<td>△ 2.9%</td>
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</tr>
<tr>
<td><strong>Life</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,673.0</td>
<td>1,760.0</td>
<td>¥2.2tn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>92.6</td>
<td>99.0</td>
<td>11%</td>
</tr>
<tr>
<td>(%)</td>
<td>5.5%</td>
<td>5.6%</td>
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</tr>
<tr>
<td><strong>Building Systems</strong></td>
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<tr>
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<td>Operating Profit</td>
<td>21.8</td>
<td>24.0</td>
<td>10%</td>
</tr>
<tr>
<td>(%)</td>
<td>4.1%</td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Air Conditioning Systems &amp; Home Products</strong></td>
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<td>Revenue</td>
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<td>75.0</td>
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<tr>
<td>Operating Profit</td>
<td>6.2%</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Platform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>382.8</td>
<td>430.0</td>
<td>¥0.5tn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>26.4</td>
<td>27.0</td>
<td>10%</td>
</tr>
<tr>
<td>(%)</td>
<td>6.9%</td>
<td>6.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Information Systems &amp; Network Service</strong></td>
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<td>10.0</td>
<td>9%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>6.8%</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Semiconductor &amp; Device</strong></td>
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<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>241.4</td>
<td>280.0</td>
<td>¥0.3tn</td>
</tr>
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<td>Operating Profit</td>
<td>16.8</td>
<td>17.0</td>
<td>10%</td>
</tr>
<tr>
<td>(%)</td>
<td>7.0%</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>737.3</td>
<td>740.0</td>
<td>ー</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>26.7</td>
<td>23.0</td>
<td>3.6%</td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4,476.7</td>
<td>4,770.0</td>
<td>¥5tn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>252.0</td>
<td>270.0</td>
<td>5.6%</td>
</tr>
<tr>
<td>(%)</td>
<td>5.6%</td>
<td>5.7%</td>
<td></td>
</tr>
</tbody>
</table>

*Inter-segment sales are included in the above chart.*
*Figures above are shown by the new segment classifications.*
Cautionary Statement

While the statements herein including the forecast of the Mitsubishi Electric Group are based on assumptions the Group considers to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

1. Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
2. Changes in foreign currency exchange rates, especially JPY/dollar rates
3. Changes in stock markets, especially in Japan
4. Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
5. Changes in the ability to fund raising, especially in Japan
6. Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
7. New environmental regulations or the arising of environmental issues
8. Defects in products or services
9. Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
10. Technological change, the development of products using new technology, manufacturing and time-to-market
11. Business restructuring
12. Incidents related to information security
13. Large-scale disasters including earthquakes, typhoons, tsunami, fires and others
14. Social or political upheaval caused by terrorism, war, pandemics, or other factors
15. Important matters related to the directors and executive officers, major shareholders and affiliated companies of Mitsubishi Electric Corporation
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Changes for the Better